



STATE OF WASHINGTON

OFFICE OF FINANCIAL MANAGEMENT

Insurance Building, PO Box 43113 • Olympia, Washington 98504-3113 • (360) 902-0555

March 28, 2003

TO: Agency Directors and Budget Officers

FROM: Candace Espeseth, Assistant Director
Budget Division

SUBJECT: PROPOSED BUDGET FORMAT CHANGES

This memorandum provides instructions for those agencies considering budget format revisions to their reporting structure. A "budget format change" refers to any of the following changes:

- A major shift of costs between programs (subprograms in DSHS)
- A program consolidation or separation
- Other significant revision that would affect the comparability of staffing, expenditure or revenue information over time
- A title change, if the new title is sufficiently different that a user of data might have trouble tracking fiscal trends.

Agencies proposing any such changes are to submit a request to the Office of Financial Management (OFM) no later than **Monday, May 12, 2003**.

What the Proposal Should Include

It is important that agency submittals provide a thorough description and explanation of each budget format change. Please include the following elements to ensure your agency submittal is complete:

- **A Narrative Description of the Change** that focuses on these questions (see enclosed letter for an example):
 1. What was the reason for the proposed change?
 2. What purpose is served by the change?
 3. Will communication of budget information be improved or clarified by the change?
 4. How will this change affect the availability and understandability of budget information to policymakers and the public? For example, if programs are being consolidated, explain how this would affect the availability of data from formerly independent programs.

- A **Crosswalk** (see Attachment A) displaying details within the affected programs in the existing structure and the proposed structure.
- A **Comparison of Current Structure and Proposed Structure** comparing the total estimated expenditures and FTE staff, **for all programs**, in the ensuing biennium before and after the proposed changes. An example is attached in Attachment B.
- A **reconstructed ten-year (Fiscal Years 1992-2001) operating and capital expenditure and FTE history** reflecting the proposed structure, if required by the threshold below. This information will be used to update OFM's official historical database. **Friday, May 23, 2002 is the due date for submitting reconstructed data.** Please contact Bob Lewis, OFM Accounting Division at (360) 664-7677 or bob.lewis@ofm.wa.gov for more information on the type and format of the data required by this date. Program changes prompted by legislative action (e.g., creating a new agency or moving an existing program to another agency) do not require a formal request; however, the ten-year history restructure by the above date is still necessary.

Threshold for Historical Restructure

In the past the Legislative Evaluation and Accountability Program (LEAP) Committee has set a threshold to determine when budget format changes warrant historical reconstruction of data. While the LEAP Committee has not yet formally adopted a threshold for this year, agencies proposing changes that are less than one percent of budgeted expenditures or staffing, one million dollars per fiscal year, or ten FTE staff per fiscal year do not have to submit an historical reconstruction of data unless later requested by LEAP. The percentage applies to the agency level expenditures for an agency appropriated at this level; program or category level if appropriated at that level. When the threshold is based on program or category, historic reconstruction is required when any affected program or category hits the threshold.

Please contact your OFM budget analyst for preliminary approval of the proposal before creating historical data to avoid unnecessary work. Please mail your agency's budget program structure change request memo to:

Linda Swanson
Office of Financial Management
Budget Division
P.O. Box 43113
Olympia, Washington 98504-3113
Linda.swanson@ofm.wa.gov

ATTACHMENT A

April 29, 2003

TO: Linda Swanson, Budget Assistant to the Governor
Office of Financial Management
Budget Division
P.O. Box 43113
Olympia, Washington 98504-3113

FROM: George Washington, Assistant Director
Administrative Services Division

SUBJECT: BUDGET PROGRAM STRUCTURE CHANGE

The Department of Significant Programs (DSP) requests a budget program structure change for the upcoming 2003-05 Biennium and all subsequent biennia. The change consists of separating our information technology functions from the administrative functions.

What is the reason and purpose for the change

The agency recognizes information technology (IT) resources as a vital asset. The separate program will facilitate management of this resource. The Assistant Director that will head the new program will be accountable for getting better results from our IT resources. As a separate program, those IT resources and costs will be more visible and agency management will have better data with which to manage them.

Communication of budget information

We believe this change will improve the communication of budget information both internally and externally. This proposal takes costs previously consolidated in one program and breaks them into two components. IT costs formerly were consolidated with other administration costs making them difficult to identify and manage. We believe this change will provide more visibility to the true costs of this agency support need and will also provide a better picture of our general administration costs. We do not believe there will be any loss of information.

The new program would be numbered **050** and would be titled **Information Technology Services**. Please find attached a **Crosswalk of Programs Affected by Restructure** and a **Comparison of Current Structure and Proposed Program Structure**. If you have any questions please contact our budget officer, Alex Hamilton, at 664-9999. Thank you.

GW:AH

Attachments

EXAMPLE ONLY (REVISED 4-29-03)**Attachment A****DSP Crosswalk of Programs Affected by Restructure:**

2001-03 Existing Structure	2003-05 Proposed Structure
010 – Administrative Services	010 – Administrative Services
Administration – Director's Office	Division Administration
Accounting Services	Accounting Services
Audit and Loss Prevention	Audit and Loss Prevention
Purchasing Services	Purchasing Services
Facilities Management	Facilities Management
Network Administration	<i>Transferred to Program 050</i>
Customer Support (PCs)	<i>Transferred to Program 050</i>
Application Development	<i>Transferred to Program 050</i>
Attorney General Services	Attorney General Services
Technology Consulting Services	<i>Transferred to Program 050</i>
Technology Equipment Purchasing	<i>Transferred to Program 050</i>
Proposed New Program (050)	050 – Information Technology Services
	Division Administration
	Network Administration
	Customer Support (PCs)
	Application Development
	Technology Consulting Services
	Technology Equipment Purchasing

Comparison of Current Structure and Proposed Structure 2003-05 Estimated Expenditures and FTE Staff by Program

Attachment B

Agency: Department of Significant Programs

	Before Structure Change			After Structure Change			Summary of Justification
	FTEs	GF-State	Other Funds	FTEs	GF-State	Other Funds	
Current Programs:							
010-Administrative Services	106.4	132,650	16,491,425				
020-Significant Assistance	686.8	0	101,702,955				
030 Significant Productivity	241.3	0	244,079,472				
040 Significant Policy	107.4	2,386,882	10,576,802				
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Proposed Programs:							
				This program structure change will accomplish the following:			
010-Administrative Services				64.0	16,000	8,556,111	* Technology Investments will be more visible to decision makers
020-Significant Assistance				686.8	0	101,702,955	* Establish accountability for return on technology investments
030 Significant Productivity				241.3	0	244,079,472	
040 Significant Policy				107.4	2,386,882	10,576,802	
050-Information Technology Services				42.4	116,650	7,935,314	
Totals	1,141.9	2,519,532	372,850,654	1,141.9	2,519,532	372,850,654	